

# Employer-Assisted Housing:

*An investment that pays many times over*

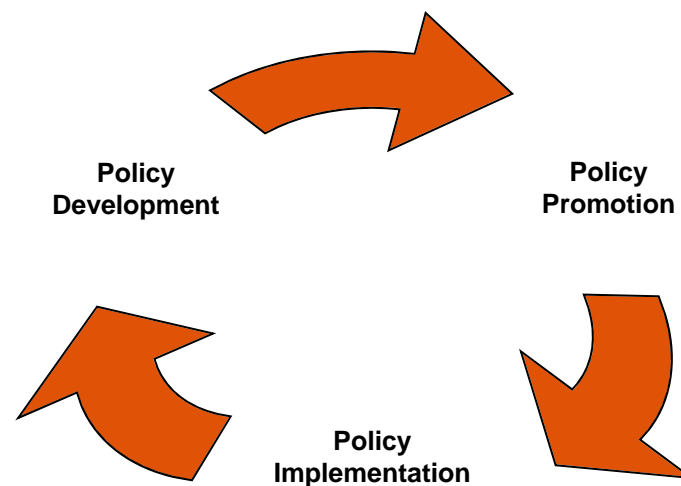
HousingIowa

Sept. 7, 2011

# Metropolitan Planning Council

Since 1934, MPC has been dedicated to shaping a more sustainable and prosperous greater Chicago region. As an independent, nonprofit, nonpartisan organization, MPC serves communities and residents by developing, promoting and implementing solutions for sound regional growth.

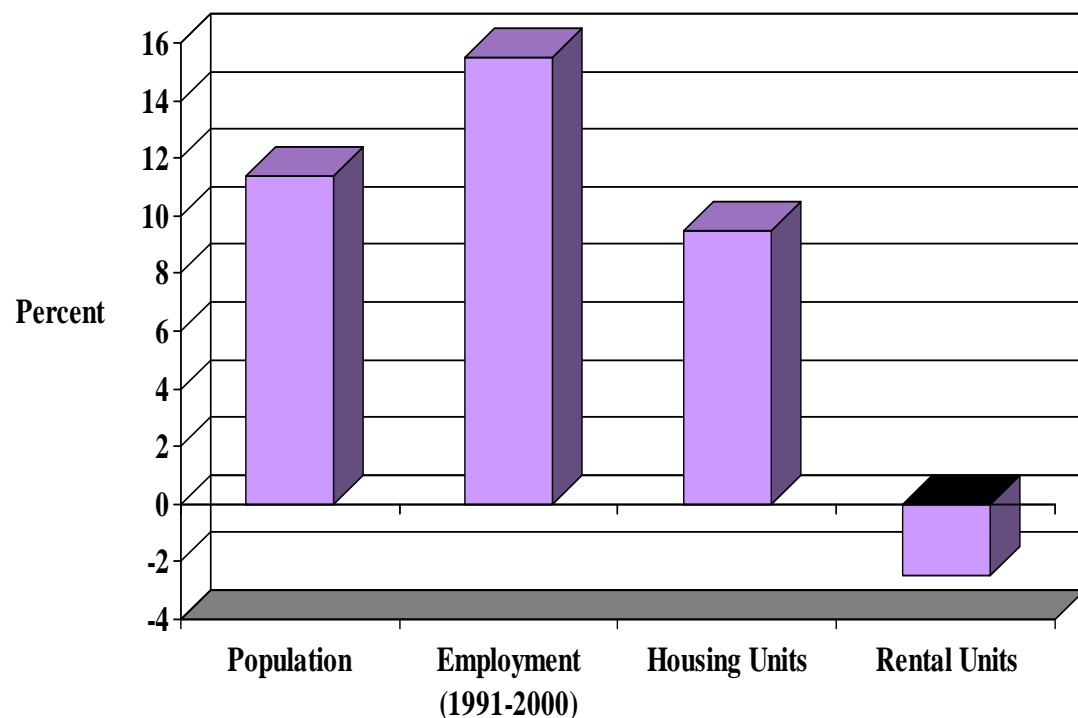
- Equity
- Sustainability
- Economic Competitiveness



## 2000 Wake-up call

■ **Q:** Why did rental stock go down while population and employment went up?

■ **A:** Traditional economic models of supply and demand weren't working.



Greatest deficit of housing for households earning below \$20,000 per year

## “Non-economic” barriers guided the market place in 90s

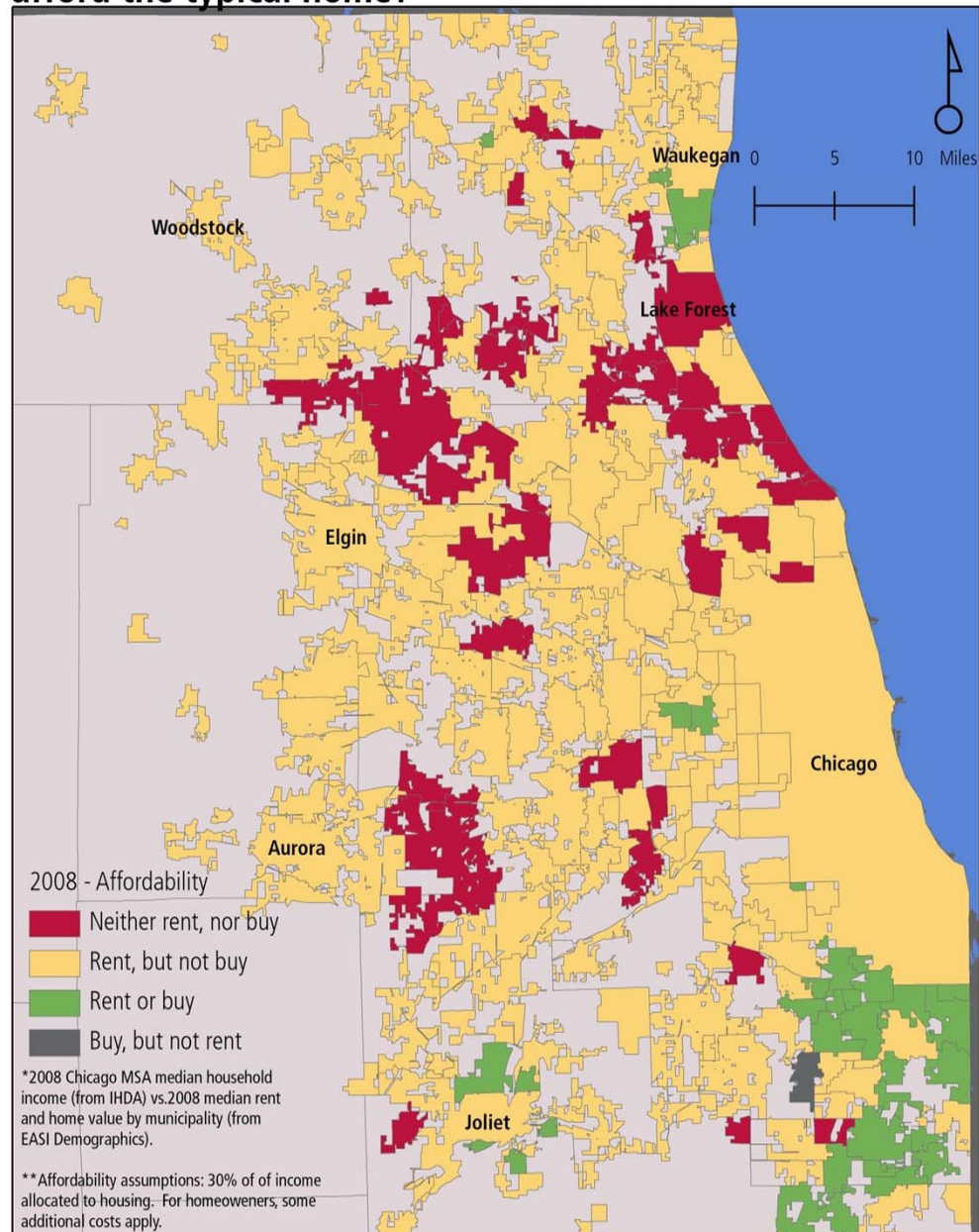
- Negative public perceptions of “affordable housing”
- 1300 different municipalities, statewide, each responsible for housing policy “in their own backyard,” over 280 in metropolitan Chicago.
- Lack of community support, state leadership



# Jobs Housing Mismatch

In 2008, where could the typical worker afford the typical home?

MetropolitanPlanningCouncil

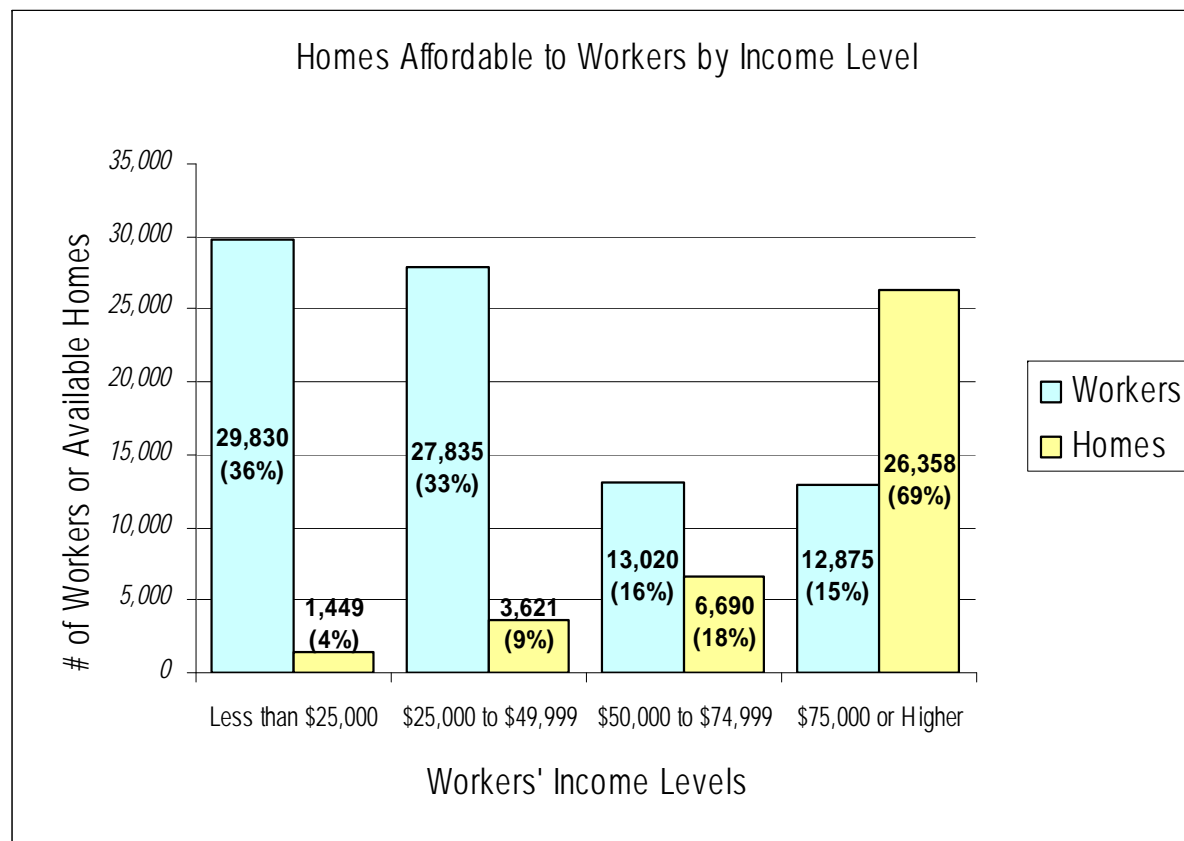


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# Rebranding, rethinking: Making the case in the northshore

Housing shortages are a drain on the local economy

- In Chicago's northern suburbs, just 13% of the housing stock is affordable to 69% of local workforce



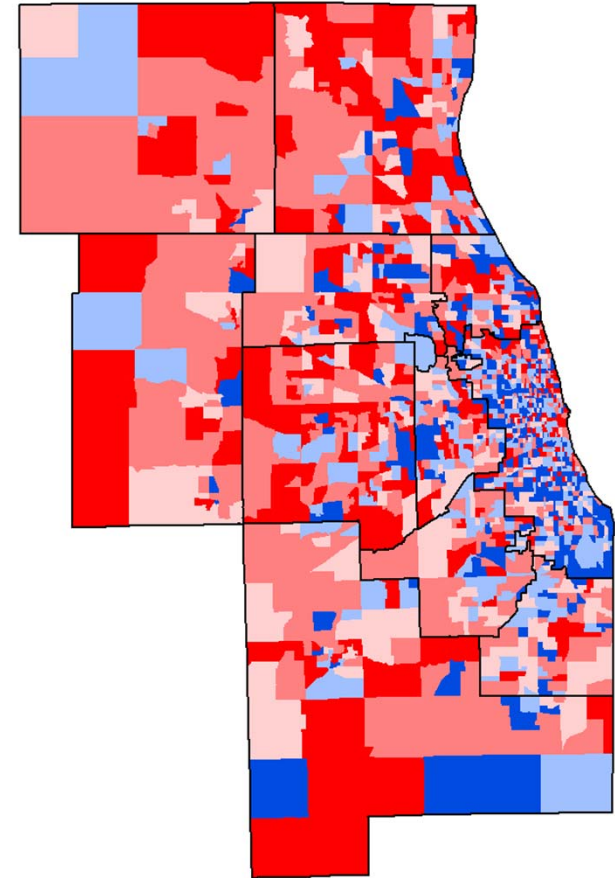
# Today's Wake-up Call: New Foreclosure Filing Activity:

## Chicago Six County Area – 2010

- 79,986 residential properties with a foreclosure filings
- 14.1% increase from 2009

## Regional Growth Patterns – 2010

- McHenry County – 33% increase
- Cook County – 10.6% increase
  - Suburban Cook – 18.3% increase
    - Northwest Cook – 24.5% increase
- Chicago – 3% increase
  - Loop – 53.7% increase
  - Near West Side – 55.2% increase
  - Englewood – 20.3% decline
  - Grand Boulevard – 9.2% decline



# What is EAH?

Employer-Assisted Housing (EAH) refers to a variety of ways employers invest in housing solutions.





## Menu of Options for Employer Engagement: Help Employees Access Existing Homes

- REACH model (*Regional Employer-Assisted Collaboration for Housing*)
- Counseling/ homebuyer education
- Down payment assistance
- Rental assistance
- Small Business Consortium
- Matched savings for homeownership (IDA)
- Below market rate loans for purchase or home improvement
- Forgivable loans based upon tenure
- Marketing

## Menu of Options for Employer Engagement: Help Create New Homes for Employees

- Loan pool investments
- Land donations
- Land bank
- Rental property development/investments
- For-sale and rental housing development
- Below market loans to developers of workforce housing
- Investment in federal low-income housing tax credits
- Advocacy

# Why do employers participate?

- Avoid high turnover rates
- Recruit new or skilled talent
- Increase worker productivity
- Build loyalty
- Avoid costly traffic and congestion
- Invest *in* and develop connection *to* communities



# An Illinois Employer-Assisted Housing (EAH) Pioneer

## Employer Leadership

- Piloted REACH model, contracting with local housing agency to provide homebuyer education, credit counseling to employees
- Employees received \$5,000 in down payment assistance

## Results

- In year one, company saved \$100,000 annually in reduced turnover and absenteeism, after recouping costs
- 60+ System Sensor homeowners purchased within 15 miles of work
- Pittway Corporation sold System to Honeywell, which opted to continue the successful program

## Leading the trend

- Program inspired new municipal and state leadership, including new incentives matching funds and tax credits -- now available statewide
- Mr. Harris continues to be among the most persuasive advocates for workforce housing policy and production.



*King Harris, former CEO of Pittway Corporation, which owned System Sensor, piloted the REACH model and became a strong advocate of Employer-Assisted Housing in the business community after experiencing the many benefits of offering housing assistance to his employees.*

# Employer-Assisted Housing helps with neighborhood reinvestment.

An EAH program can:

- Promote targeted neighborhood/development
- Encourage employees to live in the community
- Engage employees in neighborhood life
- Support community development and reinvestment



# University of Chicago and University of Chicago Hospitals

## **Employer Objectives**

- Preserve existing housing stock for households under 60% AMI who rent in the community
- Stabilize surrounding community
- Offer alternative resources to sub-prime lending market

## **Employer Solution**

- In 2006, made \$1 million investment in Community Investment Corporation's loan pool for rental housing preservation and rehabilitation
- Target to preserve affordable housing in the five community areas surrounding the University's campus

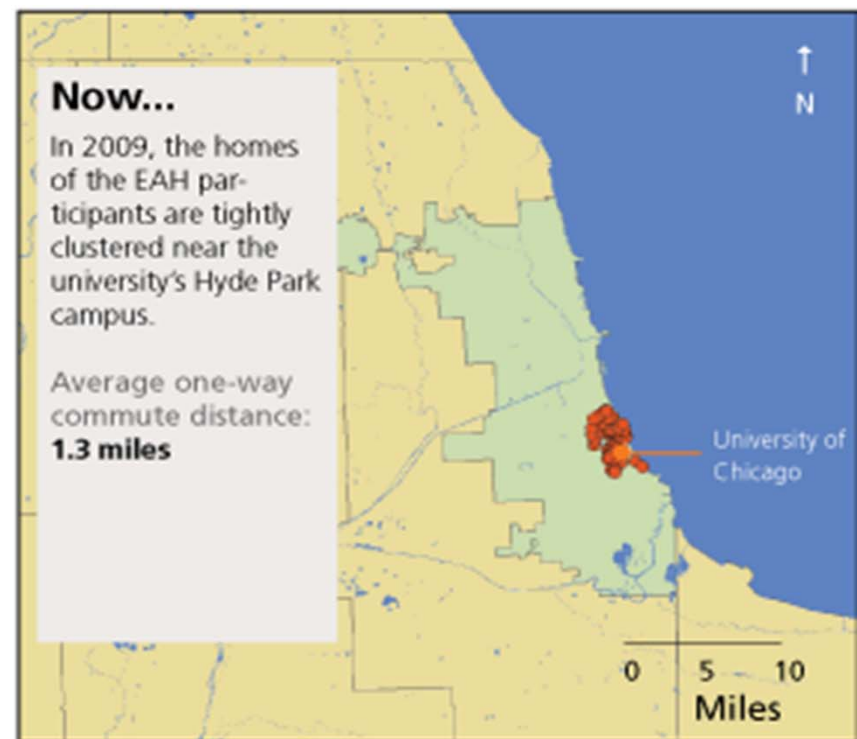
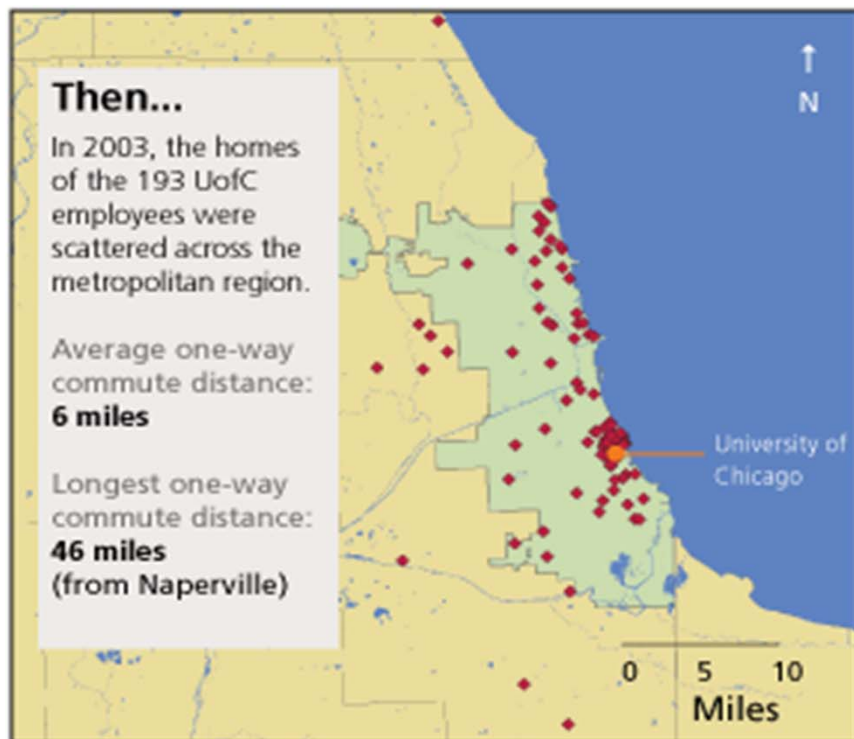
## **How it all started**

- Employer launched traditional REACH program in 2003 with \$7,500 down payment assistance for University employees (with help of local housing expert) and has assisted nearly 150 new homebuyers within targeted areas around the campus





# Live near work to save on housing costs and commute time



# Charter One Bank

## **Employer Objectives**

- Attract and retain talented workforce
- Offer competitive benefit
- Educate employees about bank's loan programs

## **Employer Solution**

- The bank has provided down payment assistance to 180+ employees since launching their program in 2004

## **From the Company into the Community**

- Experiencing the benefits of offering EAH to their valuable employees was the beginning of the story
- Charter One Bank then decided to take its level of commitment to the next level by sponsoring the Charter One Workforce Housing Initiative to create new homeowners through new employers joining the cause

*"Our Employer-Assisted Housing program has given us an edge in attracting and retaining talented people. Over 140 Charter One employees have benefited from this program, enabling them to purchase homes in the Chicagoland area, including homes in redeveloping communities. This important investment in our colleagues exemplifies our continued commitment to the communities in which we live and work".*

- Scott C. Swanson

*President and CEO,  
Charter One Bank*



Public-  
private  
partner-  
ship to  
support  
local goals



April 29, 2010

Ed Paesel, Executive Director  
South Suburban Mayors and Managers Association  
1904 W. 174th Street  
East Hazel Crest, IL 60429

Dear Mr. Paesel,

Inspired by the municipal leadership of Chicago's southland, CVS Pharmacy is pleased to launch its first midwest ***Prescriptions for Homeownership*** program to advance the goals of your Housing Collaborative and the Charter One Workforce Housing Initiative. We share your commitment to neighborhood stabilization and economic development, and look forward to supporting local CVS colleagues interested in purchasing the homes created through your joint efforts. We look forward to working with you!

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen M. Wing". The signature is fluid and cursive, with the first name "Stephen" and last name "Wing" being the most prominent parts.

Stephen M. Wing  
Director Workforce Initiatives

# Riverdale, Illinois: Employers Support Rental Efforts

## Employer Solution

- Village of Riverdale, Robinson Engineering, and St. James Health Systems will expand their existing REACH programs to offer \$50 per month per employee for rental assistance up to 24 months when homes are completed
- Employers will also match employee savings for home ownership

## Results

- Federal tax credits (LIHTC) secured to assist in mixed-income development by the developer - 4 companies benefit (including developer)
- Employers obtain “EAH” tax credits for investment

## The Connection

- EAH renters will also have first opportunity to buy in Phase II
- These 3 employers also offer down payment assistance through the traditional REACH model

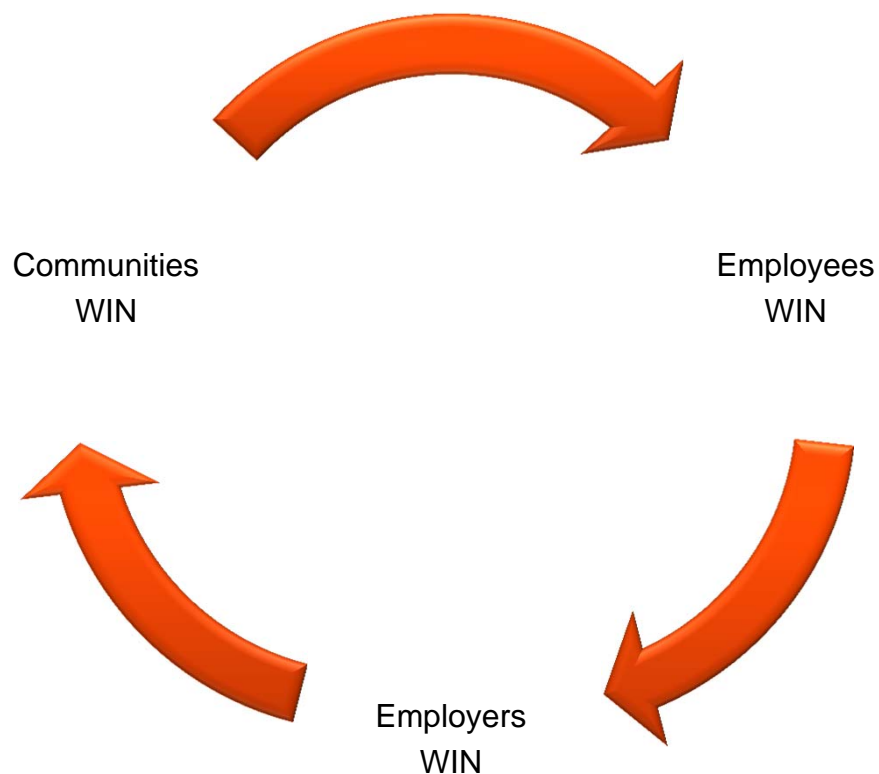
*Troubled Pacesetter Development*



*Rendering of new construction mixed-income homes, first phase expected to be completed in 2008*



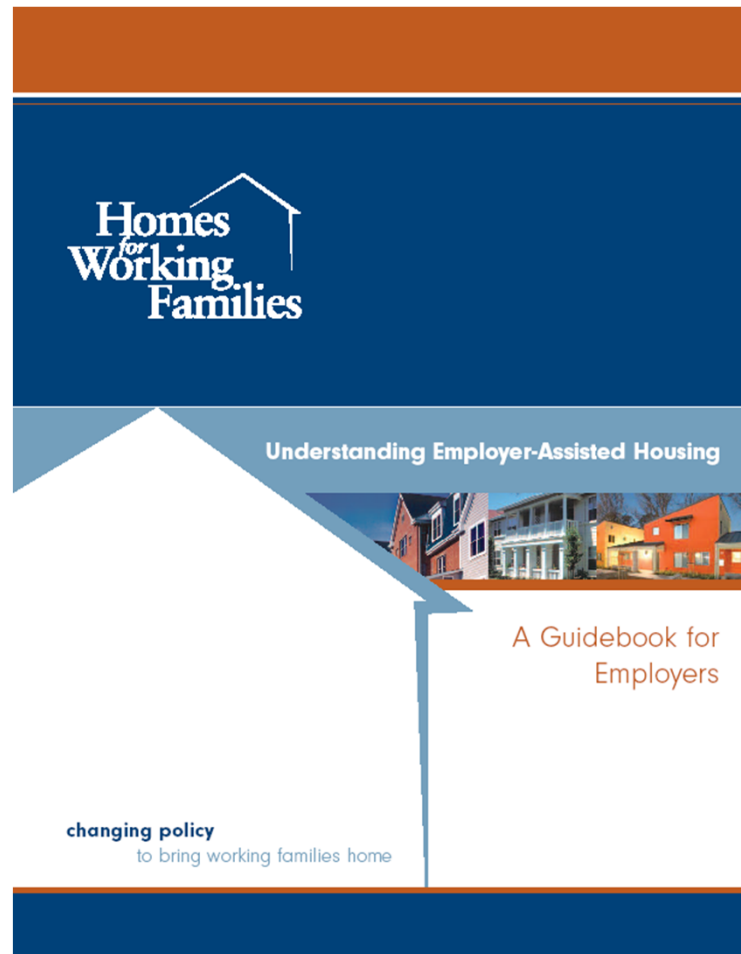
## EAH employers find...



*“Our employer-assisted housing program in Cook and Will Counties has minimized turnover and increased employee stability. This important investment in our workforce is a win-win for our company, our employees, and for the communities we serve.”*

*Chris King  
President,  
Robinson Engineering,  
South Holland, Illinois*

# Understanding Employer-Assisted Housing: A Guidebook for Employers



## **Key Topics**

- What is Employer-Assisted Housing?
- Far-Reaching Benefits of EAH
- How to Create and Administer a Program

## **Featured Case Studies**

- Aflac, GA
- Applied Materials, Inc., CA
- Citizens Financial Group, Inc., RI
- CVS/Caremark, Washington, DC
- Harley-Davidson Motor Company, WI
- Hatch & Parent, A Law Corporation, CA
- Northrop Grumman Corp., NY and MS
- The Schwan Food Company, MN
- System Sensor, IL
- University of Chicago and University of Chicago Medical Center, IL

# Select Examples from the Guidebook



## Walk to Work Program

- From 2000-2005, 70 employees received credit counseling and 27 employees purchased homes
- Harley-Davidson contracts with Select Milwaukee to administer the program and provide homebuyer assistance services
- Downpayment assistance of \$2,500 in targeted neighborhoods



*The* **SCHWAN**  
FOOD COMPANY™

## Parkway Development

- Company goal was to attract and maintain a stable workforce in community of 12,000 residents
- Construction loan for single family and multi-family
- Matching funds for closing cost assistance
- Total investment of \$2.2 million

## What are the costs of offering EAH?

<u>The REACH Model</u>	<u>Amount</u>	<u>Explanation</u>
Counseling/ administration:	\$ 5,000	5 employees counseled out of 100 employee workforce
Down payment assistance	\$10,000	2 employees at \$5,000 each
Gross investment by employer	\$15,000	
50% state tax credit	(\$ 7,500)	Tax credit is 50% of Gross Investment and can be transferable for about \$.80/dollar)
Federal deduction	(\$ 5,700)	Can be deducted as a charitable donation or business expense. (Assuming 38% tax rate).
<b>Net cost of program</b>	<b>\$ 1,800</b>	<b><i>Additional dollars are saved through workforce stability.</i></b>

*Every time I lose an employee who earns less than \$25,000 a year, it costs me at least \$15,000.*

*Employer-assisted housing has been a great way for us to help some of our employees live in the community and ensure they stay with us.*

*- Mark Lusson*

*Vice President,  
Northwest Community  
Healthcare*

*Arlington Heights, Ill.*

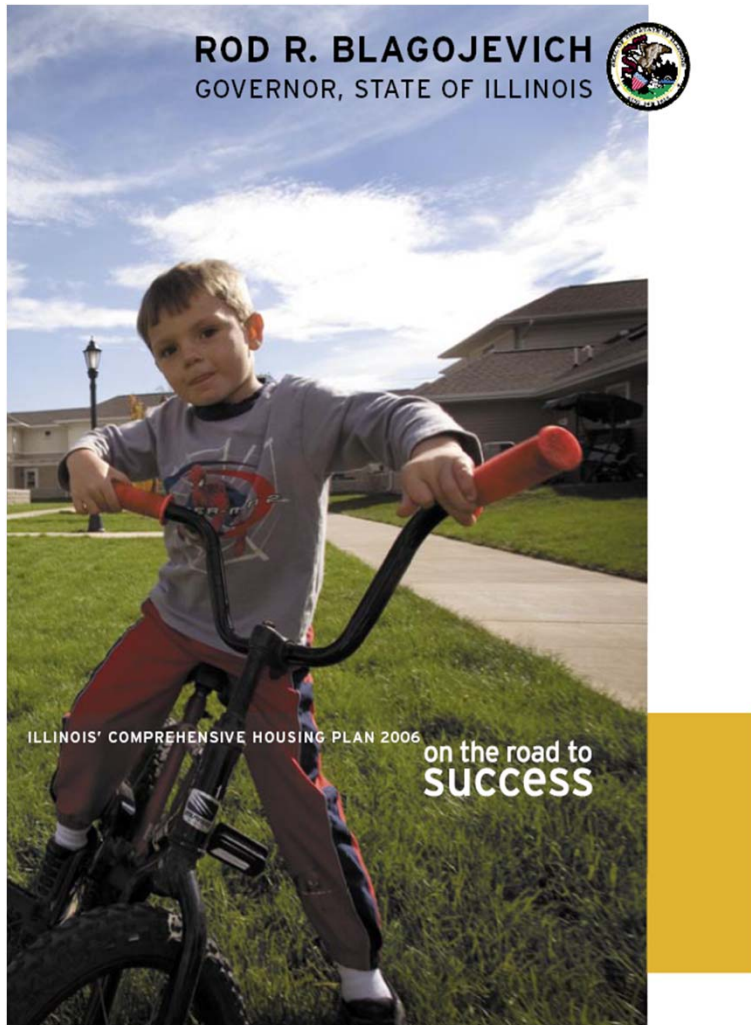


# 10 Years of EAH in Illinois

- State incentives, including tax credits for employers and matching funds for employees have engaged 65+ employers.
- More than 2,500 employees have bought homes using employer assistance.
- More than 3,500 have utilized pre-purchase counseling and education resources.
- Employers have invested approximately \$4 for every dollar of state incentives utilized.
- Newest incentives encourage energy efficiency retrofits and broader participation in supporting Climate Action Plan through Commute Options pilot, including free evaluation.



# Illinois Housing Legislation since 2000



- 2002 Illinois Affordable Housing Tax Credit
- 2002 Local Planning Technical Assistance
- 2003 Housing Opportunity Tax Incentive
- 2004 Federally Subsidized Housing Preservation
- 2004 Affordable Housing Planning and Appeals
- 2005 Extension of IL Affordable Hsg Tax Credit
- 2005 Rental Housing Support
- 2005 Regional Planning Act
- 2006 Comprehensive Housing and Planning
- 2006 Business Location Efficiency
- 2007: Good Housing Good Schools
- 2008: Line item for Housing in State's Capital Bill

## Recent Administrative Progress

- 2009: New points in Qualified Allocation Plan
- 2009: State supports regional NSP application
- 2009: 2010 State Housing Plan commits to address housing in coordination with transportation and employment



# The Toolbox Developed by and for Mayors

- Metro Mayors Caucus ***Housing and Community Development Committee***
- Refining toolbox of housing programs, policies and training options
- Encouraging State housing leadership and incentives
- Building alliances with employers, developers and other key partners
- ***Housing Endorsement Criteria***
- Sensible Tools for Healthy Communities
- Welcome Home: Housing Our Community 12-minute housing video and cable TV segment
- Homes for a Changing Region
- Model Housing Plan (CLTs, Commissions, Trust Funds, etc)
- Planning 1-2-3
- Housing 1-2-3
- ***Interjurisdictional Strategies***



## Welcome Home Housing our community



"Welcome Home illustrates an important regional priority and is a great tool to start a productive dialogue addressing housing needs in the Chicago region."

Middleton Mayor Thomas J. Murawski,  
Chairman, Metropolitan Mayors Caucus

"It's become critical that we educate ourselves to say we welcome affordable housing."

Palatine Mayor Rita L. Mallory,  
Co-Chair, Metropolitan Mayors Caucus  
Housing Task Force



# Federal Advocacy Opportunities

## **Support proposed incentives to leverage employer engagement**

- Matching fund and/or tax credit can be nationwide, or piloted initially in Sustainable Communities Initiative awards.
- Strong Local Economies Act should encourage employer engagement
- Promote EAH on HUD web; as eligible use of HOME/CDBG

## **Support funding for HUD's housing counseling program**

## **Include housing+transportation affordability in transportation authorization**

## **Improve federal policy/procedures so they promote municipal coordination**

- "Fix" formula grants to better support interjurisdictional efforts.
- Provide incentives for collaboration.
- Reward comprehensive, coordinated housing policy that links housing to transportation solutions

# MPC EAH Technical Assistance Available

Technical assistance can help

- Create, refine EAH programs
- Leverage employer engagement to support policy priorities

MPC has worked with partners across the country, including:  
Massachusetts, Mississippi, Las Vegas, Seattle,  
Washington, DC, Atlanta, Milwaukee, Philadelphia,  
Baltimore, Florida, Pittsburgh

# For More Information

More information is available at [www.reachillinois.org](http://www.reachillinois.org) and [www.metroplanning.org](http://www.metroplanning.org)

- EAH brochure and marketing material
- Descriptions of existing programs and employers
- Policy advocacy information

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